GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

STARRED QUESTION NO:55
ANSWERED ON:26.07.2006
FUNDS TO LOCAL BODIES
Ponnuswamy Shri Mohan

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Central Grants to local bodies reach the latter in time;

(b) if so, the procedure followed in this regard; and

(c) if not, the steps the Government proposes to take to ensure that the grants reach the local bodies in full and in time?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 55 DUE FOR REPLY ON 26.7.2006 REGARDING FUNDS TO LOCAL BODIES.

Funds are allocated to Panchayati Raj Institutions under the Sampoorna Grameen Rozgar Yojana (SGRY) and Central Finance Commission grants. SGRY is implemented by the Ministry of Rural Development. The main objective of the Scheme is to provide additional wage employment in the rural areas as also food security, along with the creation of durable community, social and economic infrastructure in the rural areas. SGRY is implemented through Panchayati Raj Institutions (PRIs) at District, Block and Village levels, in the ratio of 20:30:50.

2. Detailed guidelines have also been laid down for the allocation of resources and proper monitoring and evaluation of their utilization under the SGRY scheme. Central assistance is released every year directly to the DRDAs/ Zilla Parishads in two instalments subject to fulfillment of certain conditions which include certificates from DRDAs/ZPs of the funds received, release of states` contribution and submission of audit reports of the previous year. The DRDAs/ZPs are required to distribute resources to Village Panchayats within 15 days of the receipt of funds by them from the Central or State Governments as the case may be. The State Governments must release their matching share to the DRDAs/ZPs within 15 days of release of Central Assistance. Diversion of resources from one District to another is not permitted. The proposal for release of second instalment by DRDAs/ZPs complete in all respects should be submitted by 31st December every year. Both physical and financial audits of schemes by local fund auditors or by Chartered Accountants listed in the panels of State Governments or AGs or C&AG are compulsory.

3. The Central Finance Commission is required to give directions on the measures needed to augment the Consolidated Fund of the States to supplement the resources of the Panchayats on the basis of the recommendations of the State Finance Commissions. The Eleventh Finance Commission recommended grants of Rs. 8000 crore for Panchayati Raj Institutions for the period 2000-2005. The 12th Finance Commission recommended a grant of Rs, 20,000 crore for the Panchayats for the period 2005-10.

4. The 12th Finance Commission has stipulated detailed guidelines for the time bound allocation and release of grants to Panchayats within 15 days of their release to the States, failing which the States will have to pay interest at the RBI rate to the Panchayats. The grants will be released in two equal instalments in July and January every year on receipt of certificates from the State Government regarding the allocation and release of funds to PRIs in a prescribed format. Each State Finance Secretary is required to provide a certificate every year of the percentage of grants spent on schemes of water supply and sanitation by the Panchayati Raj Institutions. The Government of India would withhold any amount short spent on the schemes of water supply and sanitation before the release of second instalment and the withheld amount would be subsequently reimbursed upon confirmation that the short spending has been made good in the subsequent period.

5. Each state is required to constitute a High Level Committee to ensure the proper utilization of funds as per the guidelines of the 12th Finance Commission. A Committee for the Panchayati Raj Institutions has also been constituted by the Government of India in the Ministry of Panchayati Raj, with Secretary (Panchayati Raj) as its Chairperson, to monitor the release of grants. The Panchayat accounts would also be audited by the C&AG.

6. A statement indicating release of instalments to States is enclosed as Annex. Instances have, come to the notice of the Government of India of Twelfth Finance Commission grants not reaching the local bodies in full and in time. In some cases, the instalments have not been secured by the State Governments as the requisite details about the allocation of grants to PRIs have not been provided to the Ministry of Finance. In all such cases, the matter is being taken up with the State Governments. All the State Governments are also

being impressed upon to operationalise a fund transfer software developed by the NIC unit of the Ministry of Panchayati Raj by the use of which funds can be transferred to Gram Panchayats electronically through the banking and treasury channels without delay or diversion.

ANNEX

STATEMENT SHOWING RELEASE OF GRANTS OF 12TH FINANCE COMMISSION AS ON 20.07.2006.

(Rs. In lakhs)

Sl.No.	State	Total allocation	2005-2006 Amount released Amount of 1st instalment (6 monthly)	2nd instalment	2006-07 Amount released 1st instalment	2nd instalment
1	Andhra Pr.	158700	15870	15870	15870	0
2	Arunachal	6800	680	680	0	0
3	Assam	52600	5260	5260	0	0
4	Bihar	162400	16240	16240	16240	0
5	Chhattisgarh	61500	6150	6150	6150	0
6	Goa	1800	180	180	0	0
7	Gujarat	93100	9310	9310	9310	0
8	Haryana	38800	3880	3880	3880	0
9	Himachal	14700	1470	1470	1470	1470
10	J&K	28100	2810	1762$	0	0
11	Jharkhand	48200	4820	0	0	0
12	Karnataka	88800	8880	8880	8880	0
13	Kerala	98500	9850	9850	9850	0
14	Madhya Pr.	166300	16630	16630	16630	0
15	Maharashtra	198300	19830	19830	19830	0
16	Manipur	4600	460	212#	0	0
17	Meghalaya	5000	500	500	0	0
18	Mizoram	2000	200	200	200	0
19	Nagaland	4000	400	400	400	0
20	Orissa	80300	8030	8030	8030	0
21	Punjab	32400	12300	12300	12300	0
22	Rajasthan	123000	12300	12300	12300	0
23	Sikkim	1300	130	130	0	0
24	Tamilnadu	87000	8700	8700	8700	0
25	Tripura	5700	570	570	0	0
26	U.P	292800	29280	29280	29280	0
27	Uttaranchal	16200	1620	1620	0	0
28	West Bengal	127100	12710	12710	12710	0
	Total	2000000	200000	193884	179730	1470
	Grand total		375084			

Excluding share of PRI Grants pertaining to Hill areas amounting to Rs. 248.40 lacs.

$ After deducting Rs. 1048.03 lakhs being share of PRIs where elections have not been held.